

**ILLINOIS COMMERCE COMMISSION**

**DOCKET NO. 04-0258**

**EXHIBIT NO. R-1.0**

**REBUTTAL TESTIMONY OF**

**MICHAEL A. RUMER**

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**ILLINOIS-AMERICAN WATER COMPANY**

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**Q. Please state your name.**

A. Michael A. Rumer.

**Q. Please state your business address.**

A. 300 North Water Works Drive, Belleville, Illinois 62223.

**Q. Are you the same Michael A. Rumer who submitted Direct Testimony in this proceeding?**

A. Yes.

**Q. What is the purpose of your Rebuttal Testimony?**

A. The purpose of my Rebuttal Testimony is to respond to portions of the testimony submitted by Commission Staff Witness Mary H. Everson.

**Q. Have you reviewed Schedules 1 through 4 included in Staff Exhibit 1.0?**

A. Yes.

**Q. Do you agree with the Purchased Water Surcharge Reconciliations contained in Staff Exhibit 1.0, Schedule 1 and Schedule 2?**

A. Yes.

**Q. Do you agree with the Purchased Sewer Treatment Surcharge Reconciliations contained in Staff Exhibit 1.0, Schedule 3 and Schedule 4?**

21 A. No, I do not. I agree with the Purchased Sewer Treatment Surcharge Reconciliations  
22 contained in Staff Exhibit 1.0, Schedules 4 CC, 4 VV and 4 R. I disagree with the Staff  
23 adjustment contained in Schedule 4 RV, which relates to sewerage treatment services  
24 purchased from the Village of Romeoville ("Romeoville"). Schedule 3 is a summary of the  
25 materials on Schedule 4, so I also disagree with it, to the extent it relies on Schedule 4 RV.

26 **Q. Please explain why you disagree with the adjustment proposed by Staff in Schedule 4**  
27 **RV.**

28 A. In response to a data request, Ms. Everson provided a schedule detailing her proposed  
29 adjustment for the Romeoville reconciliation. After reviewing this schedule, I discovered that  
30 Ms. Everson did not consider all of the invoices supporting the costs contained in the  
31 Company's original filing.

32 **Q. Do you know why Ms. Everson's proposed adjustment did not consider all the**  
33 **invoices?**

34 A. Some of the invoices may have, inadvertently, been left out of the materials supplied to her. In  
35 addition, during the period at issue, Romeoville had certain problems with their billing. The  
36 Romeoville Service Area consists of fourteen commercial customers in which the Company  
37 provides monthly meter readings to Romeoville for subsequent billing by Romeoville to the  
38 Company for sewerage treatment services. Some of these accounts have both domestic and  
39 irrigation service. The billing data from Romeoville was not always consistent with the meter  
40 readings provided by the Company and, in some instances, the readings were incorrect. For  
41 some accounts, the Company provided two separate readings for the multiple meters on a single  
42 account, in which case the Romeoville billing system would only accept one reading from a

single meter. This resulted in the Company being under billed for that account. In other instances, rather than providing meter readings from the domestic water meters, the Company inadvertently provided readings from irrigation meters, which should not be billed for sewerage treatment. As a result of these discrepancies, the Company prepared, from its own billing records, a spreadsheet of the correct meter readings that should have been provided to Romeoville for each of the fourteen accounts. The usage amounts for each account were calculated from the monthly meter readings and then multiplied by the rate per thousand gallons Romeoville bills for sewerage treatment to determine what the correct costs should have been to the Company for sewerage treatment during the reconciliation year. The true costs shown on the spreadsheet were compared to actual invoices billed to the Company and adjustments were made by means of the actual payments made by the Company to the Village of Romeoville over a period of time and a refund to the Company by the Village of Romeoville. The Company used this spreadsheet in making its original filing. In several instances, as illustrated in Ms. Everson's schedule, two consecutive invoices did not match dollar for dollar in the Company's original filing, but did match in the aggregate.

**Q. Has the Company remedied the billing discrepancies for all of the Romeoville accounts?**

**A.** Yes. The Company and the Village of Romeoville are now in complete agreement with the accounts and meters for which the Company will continue supplying readings for sewerage treatment billing.

**Q. Are you sponsoring any schedules in support of the Romeoville reconciliation?**

**A.** Yes. I am sponsoring Exhibit No. R-1.1, which includes Schedules 1, 2 and 3.

65 **Q. Please explain the purpose of Exhibit No. R-1.1.**

66 A. Exhibit R-1.1, Schedule 1 is a summary of purchased sewerage treatment costs by address of  
67 the fourteen accounts that make up the Romeoville Service Area. This schedule includes  
68 columns for the cost as originally filed by the Company, the cost as proposed by Staff, the  
69 Company's adjustment to Staff's proposed costs, and the Company's resulting Rebuttal amount  
70 of costs. Schedule 2 contains the details by account. Schedule 3 contains copies of invoices  
71 from the Village of Romeoville supporting the Company's adjustments in Schedule 2.

72 **Q. Why is the Company proposing, in its rebuttal testimony, a cost for Romeoville that is**  
73 **different than what was contained in the Company's original filing?**

74 A. The original filing contained costs that were calculated by the Company from its own billing  
75 records as described above (lines 48 through 53). After reviewing Ms. Everson's testimony,  
76 the Company agrees that some of the costs for Romeoville, as originally filed, are unsupported.  
77 However, the Company does not agree with all of the costs that Ms. Everson proposes to  
78 eliminate, as demonstrated in Exhibit R-1.1, Schedules 1, 2 and 3. The Company believes that  
79 copies of invoices provided in Schedule 3 support the portion of the costs that Ms. Everson  
80 proposes to eliminate which are included in the Company Rebuttal costs shown in Schedule 1 of  
81 Exhibit R-1.1. The Company accepts Ms. Everson's elimination of the costs not supported by  
82 the invoices contained in Schedule 3, as shown in Schedule 1 and 2.

83 **Q. How do you propose to refund or recover the O factor determined in this proceeding?**

84 A. As recommended by Staff Witness Everson, the O Factor will either be refunded to ratepayers  
85 or collected from ratepayers by including it in the calculation of the purchased water or sewer

treatment surcharge filed with the first Information Sheet filed by the Company subsequent to the Order in this Docket (Direct Testimony of Mary Everson, at page 8).

**Q. Does the Company intend to include interest as a part of the O Factor in the Information Sheets filed subsequent to the Order in this Docket?**

A. Yes. Interest will be applied in accordance with Ill. Adm. Code 655.50(c).

**Q. When does the Company intend to file new Information Sheets that include the O Factor and interest calculations?**

A. Pursuant to Ill. Adm. Code 655, the Company will be filing revised Information Sheets no later than March 20, 2005. This filing will include the Company's calculation of the R Factor for the reconciliation period in addition to the O Factor determined in this Docket, including interest on the O Factor.

**Q. So no changes in customer rates will occur until after the Company files the Information Sheets contemplated above?**

A. That is correct.

**Q. Does this conclude your testimony?**

A. Yes.